



Risk Management Policy – Z Energy Limited

The identification and effective management of Z Energy Limited's ("**Z Energy**") risks are a priority of the Board and the Audit and Risk Committee. This Risk Management Policy assists the Board in fulfilling its risk assurance and audit responsibilities.

INTRODUCTION

- 1 The approach to corporate governance in Z Energy is set out in the Board and Board Committee Charters and related documents illustrated in Appendix A to the Z Energy Board Charter.

POLICY STATEMENT

- 2 Z Energy is committed to proactively and consistently managing risk in order to:
 - enhance and protect Z Energy's value by delivering on our commitments and meeting stakeholders' expectations;
 - allow Z Energy to pursue opportunities in an informed way and aligned with the Board's risk appetite; and
 - ensure a safe and secure environment for Z Energy people (employees and contractors), partners and customers.
- 3 A robust risk management framework is a valuable strategic tool. It enables Z Energy to proactively manage risk, by setting out disciplines that can be embedded in day-to-day business operations and decision-making processes.

Key concepts

- 4 **Risk** is anything that has the ability to impact on our ability to achieve Z Energy's goals and objectives and is therefore interconnected with Z Energy's business plan and strategy. Risk is assessed in terms of a combination of the impact and likelihood of an event occurring, and can be categorised according to the areas they could potentially impact. These are:
 - commercial/financial sustainability;
 - performance of core services;
 - stakeholder confidence/reputation;
 - Preparedness to manage and respond to a crisis situation;



- people safety and resource availability; and
 - regulatory/contractual.
- 5 **Enterprise Wide Risks** are the key risks facing Z Energy and are identified and reviewed by the Audit and Risk Committee twice a year. The Board, through the Audit and Risk Committee, regularly monitors Management's management of these Enterprise Wide Risks.
- 6 **Risk appetite** describes Z Energy's tolerable levels of risk. It draws together risk metrics and risk management so they can be translated into everyday business decisions, reporting and discussions. Risk appetite is set by the Audit and Risk Committee and reviewed annually. It sets the boundaries which form a dynamic link between strategy, target setting and risk management.
- 7 **Risk management** is the process through which risk is managed and includes risk identification and reporting through to risk mitigation and allocating risk ownership.

BACKGROUND

- 8 Z Energy is committed to ensuring rigorous risk management processes are in place.
- 9 To implement risk management effectively, it must be integrated into Z Energy's business operations, projects and decision-making processes. It is part of our mindset and integral to the way we do things.
- 10 If Z Energy does not manage its risk effectively, this may result in shareholder dissatisfaction, loss of revenue or increased costs (including from investigations, litigation, penalties or damages), other loss of shareholder value, negative publicity, reputational damage, the potential loss of customers or injury to Z Energy people and partners.

OBJECTIVES

- 11 The key objectives of this policy are to:
- Ensure that all Z Energy people are aware of their responsibility to manage risk.
 - Mandate one framework for the management of risk in Z Energy. Our framework:
 - ensures the Board sets the risk appetite and reviews the Enterprise Wide Risks annually;
 - integrates risk management in line with the Board's risk appetite into our structures, policies, processes and procedures; and
 - delivers regular enterprise wide risk review and monitoring.
 - Ensure that the CE and the Executive team have discretion to select the approach they use to manage risk within the guidance provided in our framework.



- Mandate regular measurement and reporting on the efficiency and effectiveness of our risk management processes.
- Encourage balancing the level of control implemented to mitigate identified risks with our commitment to comply with external regulation and governance requirements and our value and growth aspirations.
- Meet or exceed IOD best practice standards for risk management processes and related governance.

ROLES AND RESPONSIBILITIES

12 The roles and responsibilities in relation to this policy are as follows:

Z Energy Board of Directors

- Reviewing the effectiveness of the implementation of the risk management and internal control system.
- Promoting a culture of proactively managing risks, setting Z Energy's risk appetite and reviewing Z Energy's Enterprise Wide Risks annually.
- Through the Audit and Risk Committee, provides oversight and monitoring, including through receipt of regular reporting from Management on Enterprise Wide Risks.

Chief Executive (CE)

- Promoting a culture of proactively managing risks, aligned with this policy and the Board's risk appetite.
- Reviewing Z Energy's Principal Risks regularly and regularly reporting to the Audit and Risk Committee regarding that review and, at other times by exception, reporting on any changes to the rating of Enterprise Wide Risks.
- Monitoring of action plans to mitigate risks rated as critical and high on a pre-mitigation basis.

Chief Financial Officer

- Providing a single framework for risk management in Z Energy consistent with this policy and the Board's risk appetite.
- Facilitating regular reviews and updates to the CE and to the Audit and Risk Committee.

CE and Executive

- Providing leadership in Z Energy for risk management by:



- Identifying, managing, updating and monitoring risks.
- Creating a focus on risk awareness and management for their teams.
- Ensuring that key decisions are made taking into account risk factors.
- Ensuring that mitigations are in place and are effective.

All Z Energy People

13 Appropriately identify and manage the risks in their area of work.

Supporting Functions

14 The Risk and Assurance Manager will provide the framework to enable the identification of compliance obligations and the compliance controls embedded in the business that ensure Z Energy's obligations are met. Wherever possible the risk and compliance frameworks will be aligned.

15 Independent assurance providers, including Business Assurance, External Audit and Regulators undertake periodic reviews to assess:

- the effectiveness of internal processes and controls for managing risk; and
- the effectiveness of relevant aspects of Z Energy's risk management implementation as appropriate.

OWNERSHIP AND REVIEW

Approver: Z Energy Board

Reviewer: Audit and Risk Committee

Ownership: Chief Financial Officer

Review: Annual or as needed